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TO RUEHC/SECSTATE WASHDC 4729  
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RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOC/DEPT OF COMMERCE WASHDC  
RUEAIIA/CIA WASHDC

UNCLAS ASUNCION 000890

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STATE FOR WHA/BSC AND EB/IFD/OIA  
STATE PASS TO USAID FOR LAC/AA  
STATE PASS TO USTR FOR LYANG  
NSC FOR SUE CRONIN  
TREASURY FOR OSIA MAUREEN WAFER  
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR  
COMMERCE FOR ITA SARAH COOK  
SOUTHCOM FOR POLAD

E.O. 12958: N/A

TAGS: PGOV PHUM PREL KCRM PA

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, AUGUST 26  
- SEPTEMBER 1

REF: A. ASUNCION 0852  
    1B. ASUNCION 0667

11. (U) SUMMARY

-- TFCA Awaits Duarte Approval  
-- 50,000 March for Children  
-- Breakout at Emboscada Prison

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TFCA Awaits Duarte Approval  
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11. (U) The Chamber of Deputies approved the Tropical Forest Conservation Act (TFCA) agreement on August 31. The Senate unanimously adopted the agreement on August 17. The agreement now awaits attestation and signature from President Duarte. The TFCA authorizes USD 7.4 million in debt reduction to Paraguay - zeroing out Paraguay's remaining bilateral debt - if the GOP meets its obligation to provide the equivalent funding over the next 12 years to support grants to conserve and restore important tropical forest resources in the southern corridor of the Atlantic Forest of Alto Parana. In addition, special attention will be given to enhancing protected areas in the San Rafael National Park Reserve. (NOTE: The Ambassador is sending a letter to Finance Minister Ernst Bergen to congratulate the GOP on the passage and requests a meeting to discuss USG suggestions for private NGO members of the seven person board that will oversee the TFCA program. END NOTE.) (ref. A)

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50,000 March for Children  
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12. (U) More than 50,000 people marched for the rights of children on August 27. The event was sponsored by The Dequeni Foundation, a local NGO for children. The purpose of the march was to focus national attention on the health, education and protection of children. Cynthia Bendlin, a longtime member of the group and local representative for the International Organization for Migration (IOM), advised that the organization was founded more than 22 years ago to

promote the rights of children. Bendlin also remarked that more than 28,000 people signed a petition to promote the same children's issues and that the petition will be presented to Congress after making rounds of the Departments for more signatures. UNDP and other foreign aid officials have issued critical remarks about the government's focus on reelection as compared to its relative neglect of "social" issues including the welfare of children.

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Breakout at Emboscada Prison  
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¶13. (U) Sixteen prisoners escaped from the Emboscada maximum security prison, located in the Cordillera Department, passing several guard stations, during the evening of August 126. It appears guards were paid USD 5,000 to look the other way. Five of the prisoners were captured a few hours later (3 in Arroyos y Esteros and 2 in Nuevo Colombia). Another escapee was captured on August 29 in the city of Paraguari. Ten prisoners remain at large. Derlis Cespedes, the Minister of Justice and Labor, in response to this incident removed the Director of Emboscada Prison, Angel Cardozo, and has yet to name a new director. (NOTE: Emboscada holds 7 captives of the Anti-Narcotics Secretariat (SENAD) but none escaped. END NOTE.)

¶14. (U) Attempted and actual prison escapes are common in the Paraguayan prison system with prison guards often implicated.

In late June, there was an attempted escape at Tacumbu prison, located just outside Asuncion, using explosives, which weakened an outside reinforced wall. Military personnel briefly took control of that prison. Guards were also implicated in this incident as well. (ref. B)

CASON